



Legislative Audit Division

State of Montana

Report to the Legislature

July 2003

Performance Audit Survey

Low Income Energy Assistance Program (LIEAP) and Weatherization Program

Human and Community Services Division
Department of Public Health and Human Services

This survey provides background information on Montana's Low Income Energy Assistance Program (LIEAP) and Weatherization Program. Based on our evaluation, the benefits of conducting an audit of either program appear to be limited. As a result, we do not recommend a performance audit of these programs.

**Direct comments/inquiries to:
Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705**

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Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, political science, criminal justice, logistics, computer science, and engineering.

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Tori Hunthausen, IS Audit & Operations
James Gillett, Financial-Compliance Audit

July 2003

The Legislative Audit Committee
of the Montana State Legislature:

This is our performance audit survey on the Low Income Energy Assistance Program (LIEAP) and the Weatherization Program. The Intergovernmental Human Services Bureau, Human and Community Services Division, Department of Public Health and Human Services (PHHS) administers these programs. The survey contains information on program operations; however, based on our review, we do not recommend conducting a performance audit.

We wish to express our appreciation to PHHS personnel, as well as contract administrators, for their cooperation and assistance.

Respectfully submitted,

(Signature on File)

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Performance Audit Survey

Low Income Energy Assistance Program (LIEAP) and Weatherization Program

**Human and Community Services Division
Department of Public Health and Human Services**

Members of the audit staff involved in this audit were Kent Rice and Mike Wingard.

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Appointed and Administrative Officials

Department of Public Health and Human Services

Gail Gray, Director

Hank Hudson, Administrator
Human and Community Services Division

Jim Nolan, Chief
Intergovernmental Human Services Bureau

Kane Quenemoen, Supervisor
HRDC Services Section

Chapter I - Introduction

Introduction

The Low Income Energy Assistance Program (LIEAP) was established to provide assistance to eligible low-income households to offset the rising costs of home energy. The program is designed to provide heating assistance, weatherization services, and emergency assistance payments. Program administration is assigned to local contractors throughout Montana, most of which are Human Resource Development Councils (HRDCs). A companion program, Weatherization, has a similar goal and is also administered by HRDCs. The Weatherization Program's mission is to increase the energy efficiency of homes occupied by low-income individuals, thereby reducing their energy costs.

A previous Legislative Audit Division (LAD) performance audit report, Community Services Block Grant (00P-16), issued in November 2000, included LIEAP/Weatherization as an issue for further study. The Legislative Audit Committee requested a performance audit of LIEAP. To effectively utilize audit resources, we conducted a survey to determine the scope and amount of audit work to be performed.

Survey Objectives

The preliminary survey objectives were to:

1. Determine if there were areas of LIEAP/Weatherization warranting performance audit work.
2. Obtain data for an informational report to the Legislative Audit Committee and legislature.

Survey Scope and Methodologies

We reviewed federal codes, Montana statutes and rules, and department policies regarding LIEAP and Weatherization. Program information and statistics were obtained and reviewed using Internet websites and department resources. We reviewed the LAD hotline database for calls and referrals related to either program. We reviewed past LAD reports including Contract Monitoring: A Limited Scope Review (98SP-45), issued in January 1998, and the Community Services Block Grant audit report mentioned above, as well as a legislative request on Human Resource Development Councils (98L-04), issued in October 1997. We also reviewed a

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performance audit report on Colorado's LIEAP and Weatherization programs.

We interviewed Intergovernmental Human Services Bureau personnel including the chief, supervisor, and program monitors, and obtained input from HRDC directors. We also obtained input from personnel with the U.S. Department of Health and Human Services and U.S. Department of Energy.

A copy of the current application form was obtained and reviewed. We analyzed department automated spreadsheets used to calculate LIEAP benefits. We reviewed examples of department monitoring reports on HRDC operations. Examples of grant applications, leveraging reports, and waiver requests were reviewed, as well as contracts for program administration. Statistics on fair hearing requests were obtained for the past three fiscal years. Minutes from roundtable meetings were reviewed. We also reviewed the department's Central Database System including example reports.

Information obtained during preliminary planning was analyzed to identify the need for conducting a performance audit of these programs.

Chapter II - Background

Introduction

Congress passed the Low Income Home Energy Assistance Act in 1981 to provide assistance to eligible low-income households to offset the rising costs of home energy that are excessive in relation to household income. The Act created the Low Income Home Energy Assistance Program and assigned federal administration to the U.S. Department of Health and Human Services (HHS). HHS distributes program funds to states through block grants. Montana's energy assistance program is called the Low Income Energy Assistance Program (LIEAP).

Congress passed the Energy Conservation in Existing Buildings Act in 1976. This Act authorized the U.S. Department of Energy (DOE) to administer a Low Income Weatherization Assistance Program. The Weatherization Program's goal is to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential energy expenditures, and improve their health and safety. The program gives priority to low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, and households with high energy burdens. Montana refers to its program simply as the Weatherization Program.

This chapter provides background information on Montana's energy assistance and weatherization programs. The chapter includes information on Montana's administering agency, the Department of Public Health and Human Services (PHHS).

Department Organization and FTE

PHHS is organized into ten divisions. The Human and Community Services Division is assigned responsibility for both the LIEAP and Weatherization programs. The Intergovernmental Human Services Bureau (IHSB) administers both programs.

IHSB personnel include a bureau chief, supervisor, two program monitors, and a fiscal officer. Program management estimate approximately two FTE are involved with program administration. FTE levels must be estimated due to other program responsibilities such as food distribution and the commodity warehouse. The

Chapter II – Background

department contracts with ten Human Resource Development Councils (HRDCs) to administer both programs. In addition, several Native American Tribes operate LIEAP and/or Weatherization programs. The following table lists the contracted agencies.

Table 1
LIEAP/Weatherization Contracted Agencies

Name	Location	Responsibilities
Action for Eastern Montana	Glendive	District I, II, III, Northern Cheyenne
District IV HRDC	Havre	District IV, Fort Belknap, Rocky Boy's
Opportunities Incorporated	Great Falls	District V, Blackfeet
Northcentral Area Agency on Aging ¹	Conrad	District V
District VI HRDC	Lewistown	District VI
District VII HRDC	Billings	District VII, Crow
Rocky Mountain Development Council	Helena	District VIII
District IX HRDC	Bozeman	District IX
Northwestern Montana HRC	Kalispell	District X
District XI HRC	Missoula	District XI
District XII HRC	Butte	District XII
Salish & Kootenai Tribes ²	Pablo	Flathead
Assiniboine & Sioux Tribes ²	Poplar	Fort Peck

¹ LIEAP only

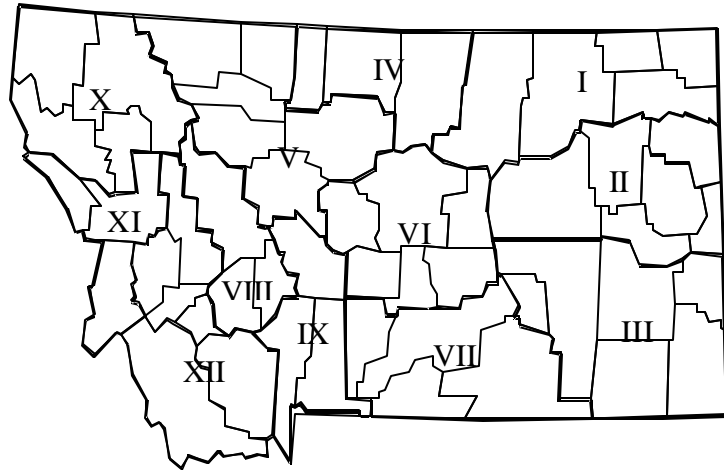
² Weatherization only – no state-administered LIEAP program

Source: Compiled by the Legislative Audit Division from department records.

The following figure shows the district boundaries for Montana, which correspond to the district responsibilities noted in Table 1.

Figure 1

LIEAP/Weatherization District Boundaries



Source: Compiled by the Legislative Audit Division from department records.

Low Income Energy Assistance Program

LIEAP provides heating assistance to eligible households through a benefit payment. The process is initiated by completion of the LIEAP application. The application is submitted to the local HRDC for eligibility determination. HRDC personnel enter applicant information into the department's Central Database System, which calculates eligibility. Eligibility is limited to those households with an income level at or below 150 percent of the federal poverty level. The following table shows poverty and eligibility guidelines for the 2003 heating season, which runs October 1, 2002 through April 30, 2003.

Table 2

LIEAP Federal Poverty and Eligibility Guidelines
2003 Heating Season

Family Unit Size	Poverty Guideline	150% of Poverty
1	\$ 8,980	\$13,470
2	\$12,120	\$18,180
3	\$15,260	\$22,890
4	\$18,400	\$27,600
5	\$21,540	\$32,310
6	\$24,680	\$37,020
7	\$27,820	\$41,730
8	\$30,960	\$46,440

For each additional family member, add \$3,140 to the poverty guideline, which is \$4,710 for 150% of poverty.

Source: Compiled by the Legislative Audit Division from federal register records.

Interpreting Table 2, a family with three members whose annual income is \$22,890 or less is eligible for LIEAP benefits.

Once eligibility is established, the benefit amount is determined. All eligible LIEAP applicants receive a LIEAP benefit payment. IHSB personnel calculate LIEAP benefits for the heating season using a spreadsheet matrix. The benefit varies based on household income, fuel type, fuel cost, local climate, type of dwelling, and size of dwelling (number of bedrooms). Upon determination of the LIEAP benefit, a letter is sent to the applicant notifying them of eligibility and the benefit amount. In most cases, benefits are paid directly to utility companies and fuel vendors. Instances where payments are paid to the applicant include households where utilities are included as part of rent.

For the 2002 heating season, benefits ranged from approximately \$100 to approximately \$1,500 per heating season. The following

Chapter II – Background

table provides statistics on the number of households served and total expenditures for the past four heating seasons.

Table 3
LIEAP Households Served and Total Expenditures
(Heating Season 2000 through 2003)

Heating Season	Households Served				Total Expenditures
	Elderly	Handicapped	Other	Total	
1999-00	3,596	5,019	5,666	14,281	\$ 5,365,890
2000-01	4,284	5,674	6,866	16,824	\$ 7,618,883
2001-02	4,933	6,742	5,299	16,974	\$ 6,357,928
2002-03 ¹	5,000	7,000	6,000	18,000	\$ 7,578,572
Totals	17,813	24,435	23,831	66,079	\$ 26,921,273

¹ Projected

Source: Compiled by the Legislative Audit Division from department records.

Approximately halfway through the heating season (January), the department runs a comparison between LIEAP/weatherization clients and Temporary Assistance to Needy Families (TANF) and Food Stamp database clients. The purpose is to identify individuals who may be eligible for LIEAP, but who have not applied for benefits. In most instances, individuals who are eligible for TANF and Food Stamp benefits would also be eligible for LIEAP. A letter is sent to all individuals identified informing them of LIEAP benefits and encouraging them to contact their local HRDC and apply.

Emergency Benefits

In addition to the regular application process, the program has an emergency benefit component. According to section 37.70.901, ARM, emergency assistance may be provided to an eligible household "... when such circumstances present a serious, immediate threat to the health and safety of the household." The local HRDC can approve emergency requests up to \$250. IHSB personnel must approve any benefit amount exceeding \$250. Administrative rules require the assistance to be provided within 48

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hours of the request, and within 18 hours if the circumstances are life-threatening.

Program Funding

The majority of LIEAP funding comes from an HHS block grant. In addition, the program receives funding from an incentive grant, TANF funds, and unspent funds from the previous year (carryover). Only 10 percent of funding may be used for administrative purposes. The following table provides a breakdown of LIEAP federal funding and carryover for the past four years.

Table 4
LIEAP Funding

FFY	Block Grant	Incentive Grant	Carryover (unspent funds)	TANF	Total
1999	\$ 6,688,067	\$108,400	\$ 575,893	\$ 0	\$ 7,372,360
2000	\$ 7,224,938	\$168,891	\$ 217,453	\$875,000	\$ 8,486,282
2001	\$13,518,119	\$123,027	\$ 668,775	\$ 0	\$14,309,921
2002	\$10,430,905	\$187,352	\$ 220,407	\$ 0	\$10,838,664
TOTAL	\$37,862,029	\$587,670	\$1,682,528	\$875,000	\$41,007,227

Source: Compiled by the Legislative Audit Division from department records.

Utility Company Funding

In addition to federal funding, utility companies provide LIEAP funding. To help ensure affordable energy is available for low-income families, section 69-8-402, MCA, established Universal System Benefits Programs. A universal system benefits charge is assessed on each utility system customer. Money derived from this charge is used to fund various energy-related programs and projects. The law requires all public utilities to set aside 2.4 percent of annual retail sales revenues, based on calendar year 1995 levels, to fund public benefits programs. Statute defines Universal System Benefits Programs as public purpose programs for:

- ▶ Cost-effective local energy conservation
- ▶ Low-income customer weatherization

- ▶ Renewable resource projects and applications
- ▶ Research and development programs for energy conservation and renewables
- ▶ Market transformation designed to encourage public purpose programs
- ▶ Low-income energy assistance

Per statute, no less than 17 percent of the annual universal system benefits funding is to be used for low-income energy and weatherization assistance.

A utility company uses internal programs and activities as a means of meeting the statutory low-income energy assistance requirement. Some utility companies provide additional benefits to LIEAP-eligible households. For example, NorthWestern Energy (NWE), Great Falls Gas/Energy West, and Montana-Dakota Utilities (MDU) provide an additional percentage discount on gas and electric bills for LIEAP-eligible customers. The additional percentage varies from 13 percent to 15 percent.

Federal regulations include an Incentive Grant in which non-federal sources of funds can be used to obtain additional federal LIEAP funding. According to the department's November 2002 Leveraging Report, over \$5.1 million in benefits were provided to low-income households from non-federal sources from October 2001 through September 2002. For this same time period, these non-federal funds enabled Montana to receive an additional \$187,352 of federal LIEAP funds (see Table 4). The following table provides a breakdown of the leveraged funds.

Table 5
LIEAP Leveraged Funds
October 2001 through September 2002

Resource/Benefit	Total Amount	Households Served
Utility Company Low-Income Discount	\$2,835,970	23,916
NorthWestern Energy Free Weatherization	\$1,168,000	767
Deliverable Fuel Discount	\$14,505	277
Energy Share of Montana Fuel Fund	\$578,540	1,933
Energy Northwest Elderly/Disabled Waiver	\$21,107	294
Low-Income Weatherization Material Supplier's Discount	\$36,150	199
Landlord Weatherization Contributions	\$57,317	198
Energy West Gas Company Low-Income Furnace Program	\$20,332	65
Montana-Dakota Utilities Low-Income Furnace Program	\$147,700	59
Montana-Dakota Utilities Uniform System Benefits	\$270,000	3,439
TOTAL	\$5,149,621	31,147

Source: Compiled by the Legislative Audit Division from department records.

Weatherization Program

All LIEAP clients are automatically eligible for the Weatherization Program. The department's Central Database System prioritizes households based on home energy burden over the past 12 months, as well as giving priority to elderly and handicapped individuals. Energy burden is calculated using energy costs as a percentage of annual income. The least efficient homes, those that use the most energy, receive the highest priority. This prioritized list is distributed among the administering HRDCs, and weatherization services are scheduled for eligible households. While there are over 16,000 eligible households, program managers stated, on average,

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only about 2,500 households receive weatherization services each year due to program funding limits. The following table provides statistics on the number of households weatherized, by funding source and administering agency, during the 2001-2002 program year.

Table 6
Weatherization Program Statistics
2001-2002 Program Year

Name	Dwellings Weatherized			Totals
	DOE	LIEAP	NWE	
Action for Eastern Montana	40	74	1	115
District IV HRDC	12	39	36	87
Opportunities Incorporated	56	150	169	375
District VI HRDC	8	37	15	60
District VII HRDC	91	257	112	460
Rocky Mountain Development Council	27	134	141	302
District IX HRDC	39	102	63	204
Northwestern Montana HRC	41	149	31	221
District XI HRC	52	195	223	470
District XII HRC	36	174	208	418
Salish & Kootenai Tribes (Flathead)	12	-	-	12
Assiniboine & Sioux Tribes (Fort Peck)	12	-	-	12
TOTALS	426	1,311	999	2,736

Source: Compiled by the Legislative Audit Division from department records.

Households on the prioritized list are serviced from the first through the last household within available funding. A new prioritized list is compiled twice in each respective heating season.

If a household is eligible for weatherization, trained personnel complete an energy audit. Energy audits provide information on what weatherization services are needed. Audit procedures include on-site inspection of each dwelling, development of work specifications and labor and material costs, and selection of actual measures. Computer software is used to prioritize energy conservation measures and calculate savings. One requirement of

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the program is that at least \$1.80 in energy savings must be achieved for every \$1.00 expended. The following table provides a list of typical weatherization measures performed.

Table 7

Typical Weatherization Measures

- ▶ Stoppage of air infiltration
- ▶ Heating system tune-up, modification, replacement
- ▶ Water heater, attic, floor, perimeter, and wall insulation
- ▶ Installation of replacement and storm windows
- ▶ Installation of replacement doors
- ▶ Installation of moisture control
- ▶ Installation of ventilation materials
- ▶ Installation of pipe and duct wrap
- ▶ Heating system replacement (furnace and water heater)
- ▶ General repair and maintenance to protect conservation materials or meet safety requirements

Source: Compiled by the Legislative Audit Division from department records.

After weatherization services are completed, a certified inspector, employed by the HRDC, conducts a final inspection to ensure all work was done according to the energy audit. The inspector cannot be the same individual who performed the work on the dwelling.

A dwelling can only be weatherized once, with one exception: pre-1995 dwellings can be re-weatherized. Because eligibility for weatherization is based on income, if an applicant moves to a new dwelling, they can re-qualify for weatherization services. This includes both dwellings owned by the applicant, as well as dwellings rented by applicants. The owner of a rental unit must agree, in writing, to allow weatherization services to be completed on the dwelling occupied by the eligible applicant.

Program Funding

The Weatherization Program is funded by a grant from DOE, LIEAP funds, and utility company funds including NWE, MDU, and the Bonneville Power Administration (BPA). Utility company

Chapter II – Background

weatherization funding is administered through the HRDCs similarly to PHHS funds. The following table provides a summary of the total expenditures for the last four program cycles.

Table 8
Weatherization Program Expenditures

Funding Source	Total Expenditure			
	2001	2002	2003	2004
DOE	\$1,583,658	\$1,710,249	\$2,595,360	\$2,475,828
LIEAP	\$1,804,484	\$3,410,287	\$2,452,898	\$2,939,299
NWE	\$ 858,000	\$1,168,000	\$1,168,000	\$1,168,000
BPA	\$ 262,500	\$ 262,500	\$ 270,000	\$ 270,000
MDU	\$ 0	\$ 0	\$ 97,800	\$ 119,941
Oil Overcharge ¹	\$ 335,108	\$ 38,129	\$ 0	\$ 0
Total	\$4,843,750	\$6,589,165	\$6,584,058	\$6,973,068

¹ No additional revenues projected because the source of funds is declining, and higher priority programs use available funds.

Source: Compiled by the Legislative Audit Division from department records.

LIEAP and Weatherization Program Monitoring

One of the state's main administrative responsibilities is to monitor contracted program operations. In order to ensure contractors are conducting operations according to federal and state regulations, the following IHSB monitoring activities are completed:

- ▶ Annual on-site monitoring of all contractors.
- ▶ Monthly desk reviews of contractor status reports.
- ▶ Annual survey of contractors.
- ▶ Annual distribution of "How did we do?" cards to recipients.
- ▶ Periodic energy savings evaluations.

Federal regulations require the department to review 10 percent of files and 5 percent of homes serviced by the Weatherization Program. While federal regulations do not specify file monitoring requirements for LIEAP, the department requires review of at least 50 files at each HRDC. For the last program cycle (April 2002

Chapter II – Background

through March 2003), state monitors reviewed 491 LIEAP files and 202 weatherization files, and inspected 170 weatherized dwellings.

IHSB personnel schedule and conduct on-site reviews throughout the year. During these monitoring reviews, department staff review HRDC files, talk with HRDC personnel, verify reported information, review material inventories, inspect households serviced and talk with homeowners/occupants, and review fuel vendor records.

Federal Monitoring

In addition to state monitoring activities, the federal government conducts program monitoring. DOE completes on-site monitoring of Montana's Weatherization Program every other year. In addition, DOE completes desk monitoring on a quarterly basis. HHS conducts LIEAP monitoring activities. States must apply for funds annually and HHS reviews applications for compliance with federal regulations. On-site reviews are conducted, but the frequency of reviews is low because the federal government grants states flexibility in administering their LIEAP block grant programs. The last time HHS completed an on-site review in Montana was 1990. According to HHS personnel, Montana is due for another LIEAP review, although a date has not been established.

Other Monitoring

An HRDC may have multiple funding sources, and the various programs require certain activities be conducted and information be compiled. As noted, various state and federal agencies have their own monitoring requirements. In addition, utility companies occasionally review HRDC operations by accompanying PHHS personnel during on-site reviews. PHHS also participates in an annual weatherization assistance Peer Exchange Program. Program administrators, monitors, and other personnel involved with weatherization programs in other states complete an on-site review of Montana's Weatherization program. The purpose of the peer review is to exchange program information and views. Personnel from Montana also participate in reviews of other state programs.

Fair Hearings

The department has a fair hearing process that provides individuals an opportunity to discuss contractor decisions and present

information to show why proposed actions are incorrect. The process starts with an administrative review (AR) to try to resolve an issue and prevent an unnecessary fair hearing. If the administrative review does not resolve the issue to the claimant's satisfaction, they can proceed to a fair hearing. A department fair hearings officer conducts fair hearings. If the claimant disagrees with the hearings officer decision, they may request a Board of Public Assistance (BPA) review. The BPA is a three-member, Governor appointed board, administratively attached to PHHS. Finally, if a claimant is still not satisfied with the department's decision, they have the right to file a petition in District Court.

Chapter III - Conclusion

Introduction

Preliminary performance audit planning work was conducted to assess audit risks regarding the Low Income Energy Assistance Program (LIEAP) and Weatherization Program. Program operations were reviewed to determine what areas were potential audit areas. After collecting and analyzing program information, a decision was made on the feasibility of completing an audit. The following section provides our conclusion on conducting a performance audit of these programs.

Conclusion: Do Not Conduct a Performance Audit

Based on our evaluation of the risk factors, the possibilities of identifying program deficiencies through additional audit work that result in recommendations to increase efficiency or effectiveness appear to be limited. Thus, an audit does not appear to be a good use of our time, and therefore would not be cost effective. As a result, we do not recommend a performance audit of these programs. Details on our risk assessment are provided below

Audit Risk Assessment

Audit risk is defined using three basic components. The first component is the likelihood a significant event will impact a program's ability to meet its objectives because of an absence of internal and management controls. The second component relates to errors not being prevented or detected in a timely fashion by the program's control system. Finally, the third component relates to the possibility of ineffectiveness and inefficiency not being detected by the auditor.

The degree of risk associated with a given program can be defined using a number of terms. Financial exposures are considered, as are any activities affecting the delivery of program services to clients. Factors used in an audit risk assessment include but are not limited to:

- ▶ Program controls
- ▶ Funding levels and sources
- ▶ Program size and staffing
- ▶ Program impacts on others, both internal and external
- ▶ Complexity of operations

- ▶ Program changes
- ▶ Results of previous audits
- ▶ Cost effectiveness of conducting an audit

The factors used in our risk assessment of these two programs included:

Funding

Both programs are funded entirely with federal and private funds. No state revenue sources are used to fund the programs, including General Fund. In addition, both programs are audited as part of the regularly scheduled Legislative Audit Division (LAD) financial compliance audit. As a result, there is limited financial risk regarding state revenues.

Staffing

The number of state FTE involved in program administration is minimal. The program is primarily a pass-through program limited to monitoring Human Resource Development Council (HRDC) operations. Therefore, the risk relative to program administration is at the HRDC level, not the state level.

Operations

Statutes are limited, but these along with rules and policies appear to reflect federal regulations. Computer programs calculate LIEAP eligibility and benefit amounts, and all eligible applicants receive a benefit payment. Weatherization measures completed on eligible households are subject to a cost efficiency benefit of 1 to 1.8, which is calculated by the automated energy audit tool. If a needed service will not achieve the benefit ratio, it is not completed. In addition, there have been no significant changes in program operations over the past decade.

Reviews

Both programs are monitored by state, federal, and private entities. State monitors assess HRDC operations by conducting on-site reviews. State monitors review processes, check eligibility determinations, review funding allocations, review files, and inspect homes. A report of findings is completed which includes corrective action requirements. The state monitoring process includes follow-up on actions taken to address corrective action requirements.

In addition to state monitoring activities, the federal government, as well as some of the utility companies, conduct monitoring activities of program operations. HRDCs have multiple funding sources and numerous programs. A recent review by LAD indicated the number of HRDC programs ranges from 12 to 30 programs, and typically involves up to seven federal agencies. Each federal agency has its own monitoring requirements and schedules. The state also participates in a Peer Review Program. Thus, there is low audit risk due to the monitoring activities of other entities.

Other Considerations

Previous reviews of related areas of operation by LAD indicate program administration appears to be reasonable. HRDC directors have no specific or widespread concerns with either program's administration, nor did the federal government representatives we contacted. The only concern mentioned by the HRDC directors is limited funding, which prevents the Weatherization Program from serving all eligible applicants.

Weatherization Waiting Lists

Finally, a specific concern raised in a previous audit dealt with "waiting lists" for weatherization. There are over 16,000 LIEAP eligible applicants, but there are only enough funds to weatherize approximately 2,500 households per heating season. While all LIEAP eligible applicant households are prioritized and placed on a weatherization list, a new list is generated each heating season. Thus, there is not a waiting list; there are only applicants who do not receive weatherization services. This is spelled out in section 37.71.301, ARM. Therefore, some applicants, while eligible, may never receive weatherization benefits because their homes are somewhat efficient and they are not in the elderly/handicapped category, so they do not receive a higher priority.

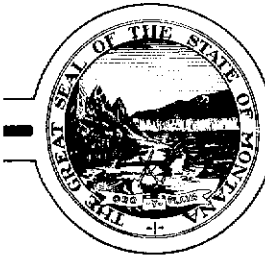
Department Response

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PUBLIC HEALTH AND HUMAN SERVICES

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LEGISLATIVE AUDIT DIV.



JUDY MARTZ
GOVERNOR

GAIL GRAY, Ed.D.
DIRECTOR

STATE OF MONTANA

www.dphhs.state.mt.us

PO BOX 4210
HELENA, MONTANA 59604-4210
(406) 444-5622
FAX (406) 444-1970

June 24, 2003

Mr. Jim Pellegrini
Deputy Legislative Auditor
Performance Audit
Legislative Audit Division
Room 160, State Capitol
Box 201705
Helena, MT 59620-1705

Dear Mr. Pellegrini:

Thank you for the opportunity to comment on the performance audit survey your office conducted of the Low-Income Energy Assistance Program (LIEAP) and the Weatherization Program.

I have reviewed the document and agree with your recommendation that a performance audit not be conducted. In addition to greatly benefiting eligible households, I feel both of these programs are well run, both at the state and local levels.

I would like to thank you and your staff for the work that your office did on the survey. At all times, you maintained the professionalism and courtesy that have made the Legislative Audit Division the respected organization that it is.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail Gray".

Gail Gray
Director